

WEST VIRGINIA INFORMATIONAL LETTER

NO. 38

JULY 1986

TO: All Insurance Companies Licensed To Do Business In The State Of West Virginia,
Insurance Trade Associations, Insurance Media Publications And All Other Interested
Persons

The purpose of this Informational Letter is to briefly summarize the most significant in Insurance legislation which was enacted during the 1986 regular session and first extraordinary session of the West Virginia Legislature. This letter is not to be construed as inclusive of all legislation which may affect the insurance industry or insurance consumers, but rather, is intended merely to highlight some of the more important bills.

Persons seeking a copy of particular legislation should contact West Virginia Legislature, Senate Clerks Office, Main Unit, State Capitol, Charleston, West Virginia 25305, telephone 304/357-7800 or House Clerks Office telephone 304/340-3200.

1986 INSURANCE LEGISLATION

Senate Bill No. 3 (First Extraordinary Session) -- Government Tort Claims And Insurance Reform Act

This legislation defines the tort liability of political subdivisions and addresses such matters as immunity, recovery for non-economic loss, punitive damages and statute of limitations. The bill also allows political subdivisions to procure liability coverage through either the State Board of Risk and Insurance Management, the private insurance market or by self-insurance. Limitation on premium rate increases, cancellation and reduction of liability coverage are imposed. Political subdivisions are authorized to form an association to purchase casualty insurance on a group basis. This bill became effective on June 1, 1986.

Senate Bill No. 200 (Regular Session) -- Discounted Automobile Insurance Rates For Persons 55 Years Of Age Or Older

This bill requires that rates for automobile liability, personal injury and collision coverages contain an appropriate discount when the principal operator of the automobile and spouse are 55 years of age or older and have successfully completed a motor vehicle accident prevention course approved by the Department of Motor Vehicles. Both the principal operator and spouse are required to complete an accident prevention course as a condition of receiving the discount. The bill also establishes certain other conditions which may be imposed by the insurer for maintaining the discount. The principal operator and spouse must repeat the accident prevention course every three (3) years to continue to be eligible for the reduction in premium. This bill became effective on June 4, 1986.

Senate Bill No. 336 (Regular Session) -- Loss Of Income Insurance Coverage

This bill makes several amendments to present Code sections concerning loss of income coverage. The bill amends § 33-1-10(b) to allow loss of income coverage to be written as an accident and health line. Such coverage could be written only by casualty companies under prior Code provisions. Additionally, the bill provides that in cases of group policies, the group policyholder has the discretion to include or exclude coverage for any of the following events: individual or mass layoffs, general strikes, labor disputes, lockout or termination by the employer for other than willful or criminal misconduct. Benefits for individual or mass layoffs, general strikes or lockouts were mandatory under prior Code provisions. This bill became effective on June 1, 1986.

Senate Bill No. 714 (Regular Session), House Bill No. 149 (First Extraordinary Session) -- Medical Malpractice Insurance Reform

These bills contain three (3) major provisions in regard to medical malpractice liability insurance coverage. First, the bills impose a requirement that the Department hold a public hearing on every medical malpractice liability insurance rate increase of ten percent (10%) or greater or which effects the public. Second, the bills impose specific aggregate reporting requirements for medical malpractice liability insurers and require certain studies and promulgations of regulations by the Insurance Department. Finally, the bills establish standards

for the cancellation of medical malpractice liability insurance policies. These bills became effective on June 6, 1986.

Senate Bill No. 565 (Regular Session) -- Essential Insurance Coverage Act

This bill requires that the Department establish a joint underwriting association to make fire and extended coverage insurance coverage available to homeowners and commercial risks. The bill also gives the Department authority to establish joint underwriting associations in other areas in which insurance coverage becomes unavailable. This bill became effective on June 5, 1986.

House Bill No. 1520 (Regular Session) -- Department Fees And Charges; Excess Line Premium Taxes

This bill increases the majority of the fees and charges which are collected by this Department. The bill provides that the monies collected from such fees and charges are dedicated to the operation of the Insurance Department. Additionally, a fee of ten dollars (\$10.00) is now assessed as a filing fee for each rate and form filing. The bill also reduces the excess lines premium tax from six percent (6%) of gross premiums to four percent (4%) of gross premiums effective January 1, 1987. Additionally, excess line brokers will be responsible for paying the taxes on a quarterly basis, as opposed to the present annual payment basis. This bill became effective on June 6, 1986.

House Bill No. 1592 (Regular Session) -- Publication Of Automobile Insurance Rates

This bill requires the Department to publish a comparison of rates charged by all insurers for minimum automobile liability insurance limits. The publication must be made during the first quarter of each year. This bill became effective on June 6, 1986.

House Bill No. 1838 (Regular Session) -- Investment By Insurers In The African Development Bank

This bill amends § 33-8-12 to permit insurers to invest in obligation of the African Development Bank. This bill became effective on June 6, 1986.

House Bill No. 1937 (Regular Session) -- Life And Health Insurance Coverage For Spouses And Dependents Of Deceased Municipal Employees And For Retired Municipal Employees

This bill amends § 8-12-8 to permit continuation of group life and health insurance coverage for retired municipal employees and for spouses and dependents of deceased municipal employees.

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Insurance Commissioner of
the State of West Virginia